

P E R S P E C T I V E

Technology-driven Superior  
Customer Experience



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In a recent global benchmarking study, respondents from banks located in 15 countries rated management of customer experience as the single largest factor for success, yet admitted that their performance in this area left more to be desired. Banking customers seem to agree with this view. Their willingness to recommend their bank to others was among the lowest of all industries, in every market that was surveyed.

While most banks realize that quality of customer experience is critical to their ability to retain customers and acquire new ones, only a few are able to render more than lip service. Delivering excellent customer experience requires enterprise-wide orientation towards this goal, and that means integrating the front office with operations in the middle and back office – the good intentions of many banks fall by the wayside when faced with the enormity of the task.

So far, the efforts of banks to achieve customer-centricity have been hampered by a narrow perspective. While finer consumer segmentation to customer specific and higher customer satisfaction continue to be the major goals, the onus of delivery lies on front line operations as opposed to the whole organization. Too many banks continue to focus on driving-up sales in their attempt to get more customers, rather than leveraging the realization that service excellence drives sales. But as banks come under greater pressure to deliver superior customer experience or risk losing their clientele, they will have to redouble their focus on the end customer, and progress beyond being customer-centric to become customer-specific.

### Measuring Customer Experience

A bank that seeks to enhance customer experience can direct its efforts more effectively if it sets out to achieve relevant, measurable targets. A better customer experience is not just a warm and fuzzy notion – happier customers must turn into vocal advocates of the bank, and help bring in new customers. It's about seeking to not just cross-sell but right sell the right product, at the right time, through the right channel, at the right price, to the right customer or prospect. In return for the delivery of superior customer experience, banks must be rewarded with higher revenue and deeper and strong loyalty. The bank can gauge its performance using a Customer Experience Index, which indicates

its progress during a defined period and reflects its current standing in the market relative to its peers. It follows naturally that a bank must engage on a continuous basis if it does not wish to fall behind its rivals.

### 4E - Framework for Customer Experience Improvement

Choosing the right framework that can help sustain this continuity is critical to the outcome, as much as the employment of the right tools. A universal banking solution that goes beyond merely facilitating core banking transactions and back-office automation to partner the bank in its quest for customer experience can prove to be an invaluable asset. A bank must therefore decide upon its universal banking solution provider judiciously, and ensure that the vendor can provide the tools that can seamlessly mesh with its customer experience improvement framework, as described below.

#### Educate:

The journey to becoming a customer-specific organization requires that the bank carries its customers along every step of the way, the first of which is customer education. A customer must be sufficiently informed about the bank's products and services offerings before he can forge a meaningful relationship with the bank. He must be adequately advised about the risks the offerings may entail. Customer disclosure and sales transparency mandates must be rigorously implemented and diligently followed. Every customer must also be well aware of the modes of transaction available to him and the cost implication of favoring one product over the other.

The bank, however, has limited bandwidth to provide personalized education at the branch level, since this is its most resource-draining channel. At the same time, its self-service channels do not inspire confidence among a large section of its clientele, who are more comfortable dealing with real people when having their queries addressed.

Push-to-talk applications that can deliver the human touch remotely on a stand-alone kiosk can revolutionize the delivery of information to customers. Banks can reconcile their twin objectives of superior customer experience and reduced operating cost by leveraging this technology.

### Finacle Virtual Lounge

Finacle virtual lounge enables banks to deliver their products and services through a fully-assisted self-service channel that leverages the bank's existing Internet banking capability. Through the convergence of audio, video and data communication, it re-creates the human interaction a customer would experience in a physical branch. The customer can direct a range of queries to bank staff via a kiosk, which are addressed live, in real time. Hence, the virtual lounge enables the customer to fulfill diverse needs, whether it is the gathering of information or the completion of a transaction.

A universal banking solution that supports a multi-channel framework can also help the bank in its customer indoctrination objective. A multi-channel framework allows the bank to reach customers through a wide range of cost-effective touch points and also provides the bank with a holistic view of the customer's channel versus product preferences, consistently updated in real time. This insight enables the bank to optimise its channel strategy and promote the most profitable product-channel to its customers. By offering preferential pricing or better deals on a specific product-channel combination to a customer, the bank can lead him/her towards a certain mutually beneficial transaction choice.

It is important to note that legacy systems don't always support a multi-channel framework, and hence banks using outmoded systems do not enjoy the advantages described above.

### Finacle Multi-channel Framework

Finacle multi-channel framework supports banking at the branch, ATM, call centre and POS, or via Internet, IVR, mobile, fax and PDA. By identifying the channel through which each transaction or request is initiated, it allows banks to map transaction types with delivery channels – this could form the basis for the bank's preferential pricing strategy. By making certain channels more attractive to customers, essentially through direct or indirect pricing tactics, banks can drive customers towards lower-cost channels, to the benefit of both parties.

#### Empower:

Growing in confidence, an educated customer is ready to take some decisions on his own. The bank must push the right buttons at this stage, so that

the customer is encouraged to do more independently – whether it is applying for a new fixed deposit online or re-allocating resources between different financial assets based on interest rate considerations, banks must try to offload the onus of managing certain transactions on to the customer. With an Alert Tool, the bank can confirm the successful execution of a transaction, thereby offering reassurance to the customer that everything is in order. Finacle virtual lounge can also be leveraged to assist customers transacting on their own.

Internet banking and mobile banking tools make all types of customers more self-reliant. Corporate customers can make foreign currency payouts, negotiate documentary credit, book forward contracts and credit salary accounts without the bank's direct intervention. They can also complete non-financial transactions, including setting limits, acquiring lines of credit and managing cash.

Two things are of importance at this stage. One, the bank must be able to provide a tool to the customer that is easy to use, and yet provides sufficient information on the basis of which the customer can make a judicious decision. Two, the bank must comply with regulations governing such activities, including making sure the customer understands his rights and responsibilities, and put forth the necessary disclosures in a transparent manner.

As a result, customers must be empowered with a relatively lasting sense of service predictability. They must be able to assuredly expect a certain level of service and product quality with confidence. It will always be the bank's onus to strive to improve this predictability quotient, continuously.

### Finacle Finanz Tools

Finacle finanz tools comprise of a basket of advanced solutions that illustrate product features to customers. The tools employ calculators, simulators and modelers to demonstrate the workings of various financial products, and predict financial outcomes under different scenarios that can be personalized to each customer. Using these tools, customers can compare different products, understand the steps they must take to achieve their financial goals and seek guidance in broader financial matters such as wealth creation and retirement planning.

## Embrace:

Ultimately, the goal of every bank is to secure smooth onboarding of the members of its empowered audience. Having invested in education and empowerment, the bank seeks a return in terms of additional sales. The bank must strive to envelop its customers by having a ready product or service to fulfil every stated or implied financial need. Thus, undecided prospects must be enticed to begin a relationship with the bank, and existing customers must be encouraged to diversify their product portfolios.

It is a fact that banks are at greatest risk of losing a customer during the early stages of the relationship. Therefore, the bank must nurture the relationship during the period following customer acquisition, with utmost care.

## Extend:

The cost of acquiring a new customer is far higher than the cost of realizing equivalent additional revenue from an existing one. Therefore, a bank cannot afford to be content with a steady state relationship – it must continuously look to mine inherent customer goodwill to further advantage. This means that the bank must look at its loyal customers as something greater than a source of increased business; it must enlist their support as vociferous advocates. This translates into leveraging customer goodwill to access potential business from their households, in the case of retail customers, and their group businesses and global subsidiaries, in the case of corporate customers. The bank must also leverage its partner eco-system to extend its reach beyond the boundaries of its physical presence. Again, the choice of universal banking solution becomes pertinent here – for instance, a solution that offers a module to support direct marketing agents can help the bank gain rapid ground in unbanked territories and far-flung areas.

## Information Repository to Support 4E Framework

Before a bank can implement the four stage framework for improving customer experience, it must have appropriate, formalized customer insight in its armory. A repository that captures information from customer interactions across the enterprise, and makes it available to key users in real time, is central to the success of the implementation. The repository must be centralized such that it becomes

the single source of customer truth, and presents a unified and consistent 360-degree view of the customer to users across the banking organisation. In an environment where different applications provided by multiple vendors work independently, the ability of the repository to consolidate information from each of these points and integrate it all to present a cohesive picture is of paramount importance.

## Enterprise Customer Information

Finacle enterprise customer information provides banks with a comprehensive view of their customers' demographic, psychographic, financial, product preference, transaction and segmentation information, in real time. It helps generate customer analytics across applications, channels and back-end systems leveraging one common infrastructure. It also enables online maintenance and inquiry of customers across host systems, supporting products such as credit cards, insurance and mutual funds.

Further, a multi-national bank will need the capability to manage customer data across all the regions where it is present. Therefore, the customer information repository of the bank must be able to capture information on a global basis in order to extend the same level of unified service seamlessly across borders, as it would in the home country. As an extension of the Global Customer Repository, the core banking solution must provide tools to the bank using which customers can perform functions such as cash and collateral management or setting of limits on a global basis.

## Leveraging Tacit Information to Enhance Customer Experience

That said, a bank that seeks true customer insight, which will enable it to take customer experience to another level, must capture much more than mere data or static information. Customers signal their unspoken needs in almost every interaction with the bank, which is rarely captured. These signals provide a more complete, personalized and dynamic view of the customer, which gives the bank the opportunity to offer products and services to satisfy hitherto unknown needs.

But for that to happen, tacit information must be recorded, converted into information, distilled further into knowledge and finally made into actionable

wisdom, which when deployed, will create true customer delight.

Needless to say, the bank's staff will need a sophisticated tool, capable of capturing long term data and performing smart analysis to enable them leverage insight from tacit information to create a heightened experience for the customer.

#### Finacle Customer eXPerience Solution

Finacle customer eXPerience solution creates a sustainable advantage for banks by enabling them to become providers of superior customer experience. The tool's Real-time Intelligent Conversation and Interaction Management Engine (RICE) is capable of participating in interactions and adding tacit intelligence gathered from the interaction in real time. It can therefore, look at the customer holistically and recommend best-next-action in real time.

The memory model, which can store 10 year data, works on a new approach to data presentation, storage and retrieval, which enables it to respond almost instantly, as opposed to other traditional systems which may take several hours or days.

#### Continuous Improvement

Customer experience improvement is an ongoing imperative for any bank that wishes to pursue this agenda. For every advance that the bank makes in customer experience, the associated learning must be fed back into the system, so that the bank's strategy can be modified to engender further improvement. Clearly, the tools that the bank uses in this pursuit must be capable of supporting this continuous feedback mechanism. At the same time, each bank's customer experience improvement journey is unique, defined by its priorities and complexity of systems infrastructure. It is therefore essential for a bank to select a universal banking solution that supports multiple customer-oriented tools that can be independently and flexibly deployed.

#### References

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